

SPECIAL WARNING TOPIC

FOR THE DCI

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YUGOSLAVIA: Major Threats to Stability

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KEY WARNING ISSUE**YUGOSLAVIA: Major Threats to Stability**

Yugoslavia faces severe internal challenges that threaten the integrity of the nation. A host of daunting problems are complicated by growing Serbian nationalism, which could cause a national political crisis and ultimately risk the disintegration of the country.

The major immediate challenge is Serbian leader Milosevic, who has defied the federal leadership and demanded sweeping new authority over Kosovo and Vojvodina--the "autonomous" regions within the Serbian Republic. The failed attempt by his Serbian backers last weekend to bring down the leadership of the Republic of Montenegro could, however, spell trouble for Milosevic.

A major confrontation is likely at the party central committee meeting on 17 October; Milosevic will face strong opposition from the leaders of other regions, who fear and resent Serbian assertiveness. Meanwhile, Serbian demonstrations--involving hundreds of thousands of protesters--against ethnic Albanians in Kosovo and the Montenegrin government could grow, overwhelming local security forces. A declaration of a state of emergency by the federal presidency would test severely the already alerted Yugoslav Army's ability to withstand its own ethnic rivalries.

Meanwhile, other major problems are festering. While each is probably manageable alone, together they exacerbate the situation. Of greatest concern:

- o Senior Yugoslav officials are considering military intervention in the autonomous Republic of Slovenia to oust its leadership.

Slovene leaders are more reformist, democratic, and pro-Western than those of the other republics and have tolerated pointed criticism of the Yugoslav military, irritating federal and other republics' more conservative leaders. Intervention in Yugoslavia's most prosperous region would strengthen centrifugal forces throughout the country. Cognizant of possible consequences, federal authorities undoubtedly consider intervention a last resort; their reported debate about a takeover indicates, however, that they regard the situation as serious indeed.

- o The economy continues to have major problems. Inflation is over 200 percent. Living standards are declining, helping spark some 800 strikes this year. Service of the \$21 billion foreign debt will remain troublesome for years.

These problems, particularly Serbia's direct assault on the federal system of government, pose great risks for Yugoslavia in the immediate future. The situation could stabilize if Milosevic is restrained by national leaders or if anti-Serb forces rally against Milosevic. The army also could be called upon to quell the demonstrations. **If the situation worsens however, uncontrolled violence, civil war, or the disintegration of the country are among possible consequences.**

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